

# **NVTA Financial Working Group**

Fairfax Department of Transportation

4050 Legato Road, Suite 400

Fairfax, Virginia 22033

Tuesday, November 19, 2013

3:00 p.m.

- I. Introductions
- II. Approval of Summary of November 4, 2013, Meeting
- III. Discussion of Bond Validation
  - A. Status of the NVTA Bond Validation Appeal
  - B. Status of Letter to Treasury Board
  - C. Preparation for Sale of Bonds
- IV. Other Topics for Discussion
  - A. Projects Agreements between NVTA and Jurisdictions/Implementing Agencies
    - i. Discussion of MOA for Transferring Funding to Local Governments and/or Implementing Agencies
    - ii. Discussion of MOA between Counties and Towns
    - iii. Status of MOA between NVTA and Implementing Agencies
    - iv. Status of MOA between VDOT/DRPT and NVTA
  - B. Status of Project Cash Flow Information
  - C. Discussion of Comments on Revised Debt Policy
  - D. Discussion of Change to Procurement Procedures
  - E. Identification of Additional Items for Discussion
- V. Items to Refer to Other Working Groups
- VI. Summarize Recommendations Made by Working Group for the December 12, 2013, NVTA Meeting; Additional Information Requirements; Persons Responsible for Securing Information; and Direction to Staff Coordinators
- VII. Next Meeting
- VIII. Adjourn

Northern Virginia Transportation Authority Financial Working Group  
Meeting #11, November 4, 2013

Notes

Meeting notes from the October 7, 2013, meeting were approved unanimously without comment.

Discussion of Bond Validation -

- Tom Biesiadny (Fairfax County) gave a brief update of the Bond validation suit. The judge ruled in NVTA's favor on all counts on October 11. Appeal process ended Monday, October 28. No appeals were filed. Implementation can proceed.

Preparing for Sale of Bonds-

- Debt policy provided in the packet was reviewed.
- No changes made from last circulation of the draft.
- Loudoun had some comments and questions. Clarification was requested about Exhibit 1 - (Page 9) - Proforma Debt Service Coverage. The exhibit was intended to be an example. A new Exhibit 1 will be provided based on a \$90 million debt issuance.
- No other jurisdiction provided changes or feedback.
- John Lawson (VDOT) questioned whose revenue estimates should drive the budgeted number - the Commonwealth Department of Taxation or NVTA?
- JoAnne Carter (PFM) stated NVTA budget figures would be used in the future for debt numbers.
- Mr. Lawson cautioned that the revenue figures from the Commonwealth should be used as it is a State tax levy, and the Commonwealth's revenue estimates are different from NVTA's revenue estimates.
- Ms. Carter stated that PFM relied heavily on Fairfax County revenue estimates in the past for trending purposes and evaluation purposes. Commonwealth's Department of Taxation doesn't have the same level of detail for regional revenue estimates.
- Final review for approval at next FWG Meeting on November 19.

Next Steps:

- PFM and bond counsel are working on putting together documents.
- Three things needed prior to going to market for bond sale:
  1. MOA's need to be in place
  2. Cash Flow Analysis needs to be completed
  3. NVTA Board Approval (December 12)

Status of Letter to the Treasury Board-

- Was supposed to be considered in October, was carried over to the third week of November for consideration.

Project Agreements-

- Draft MOA is in the packet for today
- Walk-through of the draft MOA provided allowing for questions from attendees.
- Loudoun questions whether the Maintenance of effort calculation rolls every year. Mr. Biesiadny stated that the average calculated for FY 2011 to FY 2013 is fixed, but it will be used to measure each subsequent year beginning with FY 2014.

Northern Virginia Transportation Authority Financial Working Group  
Meeting #11, November 4, 2013

- Further revisions or suggested edits requested by November 12.
- Prince William County questioned whether they will still be able to seek reimbursement for project started before bond validation was settled. Mr. Biesiadny said that the Financial Working Group previously recommended that jurisdictions could seek reimbursement for expenses incurred after July 1, 2014, assuming the bonds were validated.

Discussion of Town Agreements-

- Similar to MOA between NVTA and Cities/Counties but between Counties and Towns Reimbursement basis.
- Ellen Posner is taking lead for Legal to draft language for the Town agreements.
- Will be sent out for review prior to the next FWG Meeting.

Status of MOA between MOA and Implementing Agencies (70% Regional Funds)

- Will be covered at next Financial Working Group Meeting.

MOA between VDOT/DRPT and NVTA

- draft document is being reviewed by the Council of Counsels

Project Cash Flow Information-

- Please provide by Friday, November 8
- Needed to provide reimbursements and ensure suitable cash is on hand
- \$45 million in the bank right now

Changes to Procurement Procedures-

- Procurement staff from several local jurisdictions provided additional changes in red in the item in the packet - to go to NVTA Board on the 24th.
- John Mason and Mike Longhi will review and provide feedback, particularly on the procurement card item.

Items to Refer to Other Working Groups-

- Loudoun questioned whether an Administrative budget was adopted for NVTA and the local shares out of the 30% revenues - Board took action on Administrative Budget back in September.

Other Issues-

1. Department of Taxation is taking a percentage of revenue off of the top before distributing to NVTA. This needs to be reviewed as part of the MOA with the Commonwealth. VDOT Revenue Sharing matches with Regional (70%) funds. This is an outstanding issue that also needs to be reviewed as part of the agreement with the Commonwealth.
2. 0% local funds can definitely be used as matching funds for Revenue Sharing funds from VDOT. 70% funds being questioned.
3. Personnel costs associated with implementing projects can be included as part of project costs.

Next Meeting:

- Tuesday, November 19, 2013 - 3 PM to 5 PM

**MEMORANDUM OF AGREEMENT  
BETWEEN NVTA AND COUNTY/CITY OF \_\_\_\_\_  
REGARDING DISTRIBUTION OF 30% FUNDS**

THIS MEMORANDUM OF AGREEMENT, effective the \_\_\_\_ day of \_\_\_\_\_, 2013 (this "Memorandum of Agreement"), by and between the NORTHERN VIRGINIA TRANSPORTATION AUTHORITY ("NVTA") and the CITY/COUNTY OF \_\_\_\_\_, a member City/County of NVTA (the "CITY/COUNTY").

**WITNESSETH:**

WHEREAS, NVTA was established by the Northern Virginia Transportation District Act, VA. Code Ann. §§ 15.2- 4629 *et seq.*, the local jurisdiction members of which include the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park ("Localities", collectively and "City/County" individually); and

WHEREAS, in accordance with VA. Code Ann. § 15.2-4838.01, a special non-reverting fund for Planning District 8, known as the Northern Virginia Transportation Authority Fund was created in the Virginia state treasury, comprised of taxes and fees levied in accordance with the aforesaid Code section and any other funds that may be received for the credit of the aforesaid fund (the "Fund"), the proceeds of which fund are distributed to NVTA for use in accordance with VA. Code Ann. § 15.2-4838.1; and

WHEREAS, in accordance with, and subject to the requirements of, § 15.2-4838.1, thirty percent (30%) of the revenues received by NVTA shall be distributed on a pro rata basis to each City/County with each City/County's share being the total of the revenues received by NVTA that are generated or attributable to the City/County divided by the total of such revenue received by NVTA (the "30% Funds"); and

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WHEREAS, among other requirements of VA. Code Ann. § 15.2-4838.1, each City/County shall deposit all Fund revenues received from NVTA in a separate, special fund to be used for additional urban or secondary road construction, for other capital improvements that reduce congestion, for other transportation capital improvements in NVTA's most recent long range transportation plan, or for public transportation purposes; and

WHEREAS, § 15.2-4838.1 further requires each City/County to provide annually to NVTA sufficient documentation as required by NVTA showing that the 30% Funds received by the City/County were used as required by § 15.2-4838.1; and

WHEREAS, § 15.2-4835 provides that the administrative expenses of NVTA, as set forth in NVTA's annual budget, shall be allocated among the component counties and cities based on relative population, and in accordance with § 15.2-4838.1, such administrative expenses may be paid from the 30% Funds; and

WHEREAS, Chapter 766 of the 2013 Acts of Assembly, the legislation establishing the Fund, imposes, among others, the following requirements on each of the Localities: (1) that each of the Localities deposit into its separate special fund containing NVTA Funds disbursed to it, all revenues from the commercial and industrial tax collected under § 58.1-3221.3 pursuant to the maximum tax rate allowed under that section or, in lieu of that amount, an amount from sources other than moneys received from NVTA equivalent to the amount that would have been received had the maximum tax rate been imposed; (2) that each of the Localities expend or disburse for transportation purposes each year an amount that is at least equal to the average amount expended or disbursed for transportation purposes by the county or city between July 1, 2010 and June 30, 2013, excluding bond proceeds or debt service payments and federal or state grants; and (3) that NVTA and the Localities work cooperatively with towns with

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a population greater than 3,500 to ensure the towns receive their respective share of the 30% Funds; and

WHEREAS, § 15.2-4838.1B.2 provides that if any City/County fails to deposit into its separate special fund containing NVTA Funds disbursed to it the amount equivalent to the maximum tax rate allowed under § 58.1-3221.3, then NVTA shall reduce the amount of the 30% Funds disbursed to the City/County by the difference between the amount that was deposited in the City/County's separate special fund and the amount that should have been deposited; and Chapter 766 of the 2013 Acts of Assembly further provides that in the event any of the Localities appropriates or allocates any of the 30% Funds to a non-transportation purpose, the City/County shall not be the direct beneficiary of any of the revenues in the NVTA Fund in the year immediately succeeding the year in which the 30% Funds were appropriated or allocated to a non-transportation purpose; and

WHEREAS, NVTA has a continuing responsibility to ensure that the 30% Funds are properly spent, and that each City/County adheres to the statutory and other legal obligations it has with regard to the Fund; and

WHEREAS, NVTA and the City/County have agreed upon the terms and conditions set forth in this Memorandum of Agreement, for the purpose of ensuring the requirements applicable to NVTA and the City/County regarding the NVTA Fund are met;

NOW, THEREFORE, in consideration of the foregoing, which is hereby incorporated within this Memorandum of Agreement, and the mutual undertakings of the parties, NVTA and the City/County of \_\_\_\_\_ agree as follows:

1. NVTA Management of NVTA Fund. In accordance with § 15.2-4838.01, NVTA shall receive from the Commonwealth's Comptroller regular distributions of the

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sums deposited in the special nonreverting fund created in the state treasury known as the Northern Virginia Transportation Authority Fund. NVTA shall accept each such distribution of funds and deposit them as it deems appropriate, and shall manage such deposits, including investments thereof which shall be made pursuant to NVTA's investment policy and procedures as such may be revised from time to time, all in accordance with generally accepted accounting principles and all applicable legal requirements. NVTA shall provide to its governing board periodic reports of deposits on hand and all disbursements and expenditures thereof, and shall obtain an annual audit of its books. NVTA shall use the funds solely for transportation purposes benefiting those counties and cities that are embraced by NVTA in accordance with § 15.2-4838.1.

2. Distribution of 30% Funds by NVTA to City/County. Beginning not sooner than the month following a final decision and entry of a final order by the highest court with jurisdiction in the bond validation case of *NVTA v. Statutory Defendants Pursuant to §§ 15.2-2650, et seq.*, NVTA shall begin to distribute to the City/County the 30% Funds to which the City/County is entitled pursuant to § 15.2-4838.1, with interest at the rate earned by NVTA, and, subject to NVTA's continued receipt of funds from the Comptroller, shall continue to distribute to the City/County its 30% funds on a monthly basis, provided the City/County remains in compliance with the terms of this Memorandum of Agreement and all applicable provisions of law.

3. Payment of City/County's Share of NVTA's Administrative Expenses. Except as otherwise provided by written amendment to this Memorandum of Agreement, NVTA shall reduce the initial distribution of 30% Funds to the City/County at the start of NVTA's fiscal year commencing on July 1 by the amount of the City/County's share of NVTA's total administrative expenses set forth in NVTA's approved budget for that fiscal year as such share is determined in accordance with § 15.2-4835. In any year the

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City/County may notify NVTA by June 1<sup>st</sup> of that year, that it elects to pay its share of NVTA's Administrative Expenses through means other than the City/County's 30% Funds, and thereafter the City/County shall pay the full amount of the City/County's share of NVTA's administrative expenses before any distribution of the 30% Funds by NVTA to the City/County occurs. Payment by the City/County of its share of NVTA's administrative expenses through means other than the City/County's 30% Funds shall continue until the City/County notifies NVTA by June 1<sup>st</sup> of any year that it elects to use its 30% Funds for such purpose. A county's payment of administrative expenses shall include the portion of such expenses attributable to any town that may be located within the County.

4. Establishment of Separate Fund by City/County.

A. The City/County shall deposit in a separate, special fund all revenues distributed to it by NVTA pursuant to Paragraph 2 above, and all revenues collected by the City/County from the tax imposed pursuant to § 58.1-3221.3. If the City/County has not imposed the aforesaid tax, or has not imposed it at the maximum permissible rate, then the City/County shall deposit into its separate, special fund an amount, from sources other than moneys received from NVTA, that is equivalent to the difference between the revenue the City/County received from the aforesaid tax and the revenue the City/County would have received if it imposed the aforesaid tax at the maximum permissible rate.

B. By August 1<sup>st</sup> of each year, the chief administrative officer of the City/County shall certify to NVTA, in a form prescribed by NVTA, that it has satisfied each of the requirements set forth in subsection A.

C. If the City/County has not deposited into its separate, special fund either the revenues from the tax collected under § 58.1-3221.3 at the maximum permissible rate, or an amount derived from sources other than moneys received from



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NVTA equivalent to the revenue the City/County would have received if it imposed the aforesaid tax at the maximum permissible rate, then NVTA shall reduce the 30% Funds distributed to the City/County by the difference between the amount the City/County would receive if it was imposing the aforesaid tax at the maximum rate and the amount of revenue deposited into its separate, special fund. NVTA shall retain the amount by which the distribution of City/County's 30% Funds have been reduced for use by NVTA in accordance with § 15.2-4838.1C.1.

**5. Maintenance of Transportation Funding by City/County.**

A. The City/County shall expend or disburse for transportation purposes each year an amount that is at least equal to the average annual amount expended or disbursed for transportation purposes by the City/County, excluding bond proceeds or debt service payments and federal or state grants, between July 1, 2010, and June 30, 2013. In the event that the City/County does not expend or disburse the aforesaid amount in any year, the City/County shall not be the direct beneficiary of any of the NVTA Fund in the immediately succeeding year. In such event, NVTA shall make no distribution to the City/County of the City/County's 30% Funds, or any other monies from the NVTA Fund to the City/County, and such funds shall be used in accordance § 15.2-4838.1C.1.

B. By August 1<sup>st</sup> of each year, the chief administrative officer of the City/County shall certify to NVTA, in a form prescribed by NVTA, that it has satisfied the requirements set forth in subsection A.

**6. Use of 30% Funds by City/County.**

A. The City/County shall use the 30% Funds distributed to it by NVTA for the following purposes as the City/County solely determines: (1) for additional urban or secondary road construction; (2) for other capital improvements that reduce congestion; (3) for other transportation capital improvements which have been approved

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by the most recent long range transportation plan adopted by NVTA; or (4) for public transportation purposes. The City/County shall not use any of the revenue distributed to it by NVTA to repay debt issued before July 1, 2013.

B. In the event the City/County appropriates or allocates any of the 30% Funds to a purpose other than those specified above, unless demonstrated by the City/County to the satisfaction of NVTA to be attributable to clerical or other unintentional, inadvertent error, then NVTA shall cease any further distributions of the 30% Funds to the City/County, and the City/County shall not be the direct beneficiary of any of the NVTA Fund in the year immediately succeeding the year in which any of the 30% Funds were appropriated or allocated to an impermissible purpose. In that succeeding year, NVTA shall make no distribution to the City/County of the City/County's 30% Funds, or any other monies from the NVTA Fund to the City/County, and such funds shall be used in accordance § 15.2-4838.1C.1.

7. Distribution to Towns of Proportionate Share.

A. To the extent that one or more towns with a population greater than 3,500 are located within the County, NVTA and the County agree to work cooperatively with the towns for the purpose of implementing the provisions of § 15.2-4838.1 and to ensure that the towns receive their respective share of the 30% Funds distributed to the County by NVTA. Such share shall be determined based on the population of school age children in the town for the purposes of calculating the portion of the 30% Funds attributable to sales tax, and the location of the taxpaying ~~company~~business for purposes of calculating the portion of the 30% Funds attributable to the ~~BPOL~~transient occupancy tax and of the transferred property for purposes of calculating the portion of the 30% Funds attributable to the grantors tax. The County acknowledges its responsibility to ensure that the towns use the 30% Funds in compliance with this Memorandum of

Agreement and the law, and that a town's failure to do so shall be treated as a failure of the County subject to all the consequences of such failure. The County shall be responsible to ensure the town pays its proportionate share of NVTA's administrative expenses as provided for in Paragraph 3.

B. Prior to the time at which the County distributes any of the town's share of the 30% Funds to a town, the County shall enter into an agreement with each of the towns located within the County, in a form approved by NVTA, detailing how the 30% Funds may be used by the town including, but not limited to, how projects within the towns may be selected for funding by the County, the circumstances and terms under which the County may distribute any of the 30% Funds to a town, specifically providing that such distributions to a town shall be on a reimbursement basis only, and the town's obligation to refund to the County any funds used contrary to the agreement or the law.

8. City/County's Annual Report to NVTA. Annually, the City/County shall provide to NVTA an unaudited financial report, with supporting documentation, showing that the 30% Funds were used as required by Paragraph 6. The report shall be in a form, and provide the information and documentation, required by NVTA. The City/County shall provide the report to NVTA on or before August 1<sup>st</sup> of each year. In the event the City/County's audited financials show a material variance, defined as five percent (5%) or more, from the initial report, the City/County shall provide NVTA a further report, with supporting documentation satisfactory to NVTA, detailing the City/County's use of the 30% Funds. NVTA may request from the City/County additional information and documentation related to the report and the documentation provided with the report. In the event the City/County fails to provide the report as required above, NVTA shall withhold further distributions of the 30% Funds until the report is provided in accordance with this Paragraph. Once the City/County provides an acceptable report, all withheld

funds, inclusive of any interest earned by NVTA on such funds, shall be distributed to the City/County by NVTA.

9. Failure to Comply with Memorandum of Agreement.

A. In the event NVTA fails to perform any of its obligations under this Memorandum of Agreement, the City/County shall provide written notice to NVTA's Executive Director of such failure. NVTA shall cure or commence to cure the event of noncompliance within thirty (30) days of receipt of notice from the City/County. In the event NVTA fails to cure or commence to cure the event of noncompliance and diligently pursue completion thereof, the City/County may pursue all remedies available at law to obtain compliance by NVTA.

B. In the event the City/County fails to perform any of its obligations under this Memorandum of Agreement, NVTA's Executive Director shall notify NVTA's Finance Committee which shall review the matter and prepare recommendations for NVTA. Thereafter, NVTA shall determine whether to declare the City/County in default in which case NVTA shall provide written notice to the City/County of such failure. The City/County shall cure or commence to cure the event of noncompliance within thirty (30) days of receipt of notice from NVTA. In the event the City/County fails to cure or commence to cure the event of noncompliance and diligently pursue completion thereof, NVTA shall withhold further distributions of the 30% Funds to the City/County until the City/County fully complies with its obligations under this Memorandum of Agreement. In addition, NVTA may pursue all available remedies at law to obtain compliance by the City/County.

C. A cure by the City/County's of its failure to comply with the terms of this Memorandum of Agreement shall not change the consequences of such non-compliance set forth in Paragraph 6.B of this Memorandum of Agreement.

10. City/County's Obligation to Reimburse Mis-Used Funds to NVTA.

A. In the event the City/County fails to use any of the 30% Funds in the manner permitted by law, in addition to the consequences set forth in Paragraph 6B, it shall reimburse NVTA the full amount of such mis-used funds. Until the full amount is reimbursed, NVTA shall withhold further distributions of the 30% Funds to the City/County.

B. The City/County's reimbursement of mis-used funds shall not change the consequences of such mis-use set forth in Paragraph 6.B of this Memorandum of Agreement.

11. Maintenance of Records by City/County and NVTA. The City/County and NVTA shall maintain all records relating to the 30% Funds and the use thereof for a minimum of five (5) years from the date the record was created. In addition to the foregoing, the City/County and NVTA shall comply with the Public Records Act and all applicable state and federal laws with regard to the retention of records.

12. Notice. Any notice required or permitted to be provided under this Memorandum of Agreement shall be in writing and delivered in person, or sent by U.S. Mail to the below named representatives at the below addresses:

NVTA:

Executive Director  
Northern Virginia Transportation Authority

City/County:

City/County Chief Administrative Officer  
City/County of

NVTA and the City/County may change the representative designated to receive notices for purposes of this Memorandum of Agreement by providing written notice of such change to the other party.

13. Entire Agreement. This Memorandum of Agreement constitutes the entire agreement between NVTA and the City/County and supersedes any prior understanding or agreement between them with regard to NVTA's distribution of the 30% Funds to the City/County.

14. No Third Party Beneficiaries. The provisions of this Agreement shall inure to the benefit of, and bind NVTA and the City/County but shall not inure to the benefit of any other party or other persons.

15. Severability. If any provision of this Memorandum of Agreement or the application of the provision to any circumstance is invalid, illegal or unenforceable to any extent, the remainder of this Memorandum of Agreement and the application of the provision will not be affected and will be enforceable to the fullest extent permitted by law.

16. Amendments. Any amendment to this Memorandum of Agreement must be made in writing and signed by NVTA and the City/County.

IN WITNESS WHEREFORE, the parties hereto, by their duly authorized representatives, have executed this Memorandum of Agreement as of the date and year aforesaid.

NORTHERN VIRGINIA TRANSPORTATION  
AUTHORITY

Attest:

\_\_\_\_\_  
Clerk

By \_\_\_\_\_  
Chairman

COUNTY/CITY OF \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk

By: \_\_\_\_\_  
Chairman/Mayor





Insert Project Title Here

Capital Cost Schedule (in \$1,000s)																			
Previous																			
Funding	Q3 FY14	Q4 FY14	FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	FY 17	FY 18	FY 19	FY 20	Beyond	Total
A & E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Relocation/Temp Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and Furnishings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Project Cost</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Funding Schedule (in \$1,000s)																			
Previous																			
Funding	Q3 FY14	Q4 FY14	FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	FY 17	FY 18	FY 19	FY 20	Beyond	Total
<b>Local Funding</b>																			
State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C&I Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NVTA 30%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NVTA Regional Funding</b>																			
New NVTA Regional Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previously Approved Bonds - Authorized Unissued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previously Approved Bonds - Issued but Unspent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previously Approved PAYG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Directions:**

Save this file as **ProjectCF\_ "Name of Project"** . For example, **ProjectCF\_Columbia Pike Multimodal**

**Revenues**

Lines 6-10 Enter all project costs to date, and quarterly cashflow estimates for the first two fiscal years (3 this first time). Annual estimates in out-years

**Expenditures**

Line 17/18 Enter all State and Federal funding for the project

Line 19 Includes local funding. Excludes NVTA 30% local funding and the 12.5 cent C&I tax

Line 20 Include all funding from the 12.5 cent C&I tax (may differ by jurisdiction)

Line 21 Includes the 30% local NVTA funding. Funding available Q4 FY14

Line 22 If there is any other funding source, list here

Line 25 Enter all NEW funding requested from NVTA. (PAYG and BOND)

Line 26 List expenditure of previously approved but unissued NVTA bonds in the quarter of expenditure. Funding available Q4 FY14

Line 27 List expenditure of outstanding NVTA bond proceeds in quarter of expenditure. Funding available Q4 FY14

Line 28 List expenditure of previously approved PAYG allocations in quarter of expenditure. Funding available Q4 FY14

All NVTA Funding is assumed to be available Q4 FY2014 based on a Supreme Court ruling on bond validation suit in February 2014.

## Northern Virginia Transportation Authority Debt Management Policy

This debt management policy is adopted to implement the debt program of the Northern Virginia Transportation Authority (the "Authority" or "NVTA") as authorized by Section 15.2-4839 of the Code of Virginia. The purpose of the Authority's Debt Management Program will be to support the construction program of the Authority while achieving the lowest cost of capital. In order to accomplish this goal, it will be necessary to adopt policies and procedures that ensure the highest credit quality, assure access to capital markets and preserve financial flexibility.

The Authority's goal is to achieve a minimum rating in the double-A category on its senior lien debt obligations. Therefore, the Authority shall implement policies and procedures for managing debt including overarching financial policies for maintaining a high quality debt program and detailed guidelines for debt issuance. The policy will guide decisions on all debt issued by the Authority and also assist the Authority in realizing debt service savings and efficiencies. Specifically, the policies will support the following objectives:

- Achieve and maintain a double-A category rating from one or more of the nationally recognized municipal bond credit rating firms for all senior lien revenue debt;
- Guide the Authority and its managers in policy and debt issuance decisions;
- Maintain appropriate capital assets for present and future needs;
- Promote sound financial management;
- Ensure legal use of the Authority's debt issuance authority;
- Promote cooperation and coordination with other stakeholders in the financing and delivery of transportation services and infrastructure; and
- Evaluate debt issuance options

### **I. Application of Revenues**

- A. NVTA Act** – Section 15.2-4838.1 of the NVTA Act authorizes the use of revenues of the Northern Virginia Transportation Authority (including regional tax and fee revenues transferred from the NVTA Fund established under Section 15.2-4838.01) as follows:
1. Solely for transportation purposes benefitting those counties and cities embraced by the Authority.
  2. Thirty percent (the "30 Percent Share") shall be distributed to the localities on a pro rata basis subject to reduction under the "maintenance of effort" provisions of Section 15.2-4838.1.B.2.
  3. The remaining seventy percent will be distributed as follows:
    - a. First to pay debt service on bonds issued by the Authority and secured by a pledge of such moneys;
    - b. For "pay-as-you-go" projects;
    - c. Each project financed by such moneys or bonds secured thereby must meet the following criteria:
      - i. Must be (x) in regional transportation plan in accordance with Section 15.2-483 ("TransAction 2040") and be rated in accordance with Section 33.1-13.01:1 or (y) a mass transit capital project that increases capacity;<sup>1</sup>

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<sup>1</sup> For "regional funds" received in FY 2014, the rating requirement does not apply.

- ii. Must reflect the Authority's priority for selecting projects that are expected to provide the greatest congestion reduction relative to the cost of the project;
- iii. Must be located (x) only in localities embraced by the Authority or (y) in adjacent localities but only to the extent that such extension is an insubstantial part of the project and is essential to the viability of the project within the localities embraced by the Authority ; and
- iv. Must result in each locality's total long-term benefit being approximately equal to the proportion of the total of the fees and taxes received by the Authority that are generated by or attributable to the locality.

**B. Master Indenture of Trust** – The Master Indenture of Trust approved on July 24, 2013, further specifies that all amounts transferred from the NVT A Fund are deposited to a Revenue Fund and are distributed as follows:

1. First, the 30 Percent Share is deposited in the Member Locality Distribution Fund;
  - a. And then from such Fund to the Operating Fund in an amount sufficient to fund the next 30 days of operations;
  - b. And then from such Fund to each locality its pro rata portion of the remaining 30 Percent Share (subject to reduction as described above);
2. Then the remaining amounts (the "Regional NVT A Funds") must be distributed in the following order of priority:
  - a. To fund all senior debt service requirements;
  - b. To fund all debt service reserve requirements (if due);
  - c. To fund subordinate debt service requirements (if due); and
  - d. To fund all rebate fund requirements (if due).
3. Once all debt service requirements are met, the remaining Regional NVT A Funds are deposited to the NVT A General Fund available for any other lawful purpose of the Authority, including the construction of "pay-as-you-go" projects.

## **II. Debt Management Planning**

### **A. Debt Affordability Criteria (Debt Capacity)**

1. Debt Capacity – For planning purposes, Debt Capacity for the issuance of new debt shall be calculated as a function of the projected Regional NVT A Funds, as defined in the Master Indenture of Trust.
  - a. It should be stressed that in accordance with the terms of the Master Indenture of Trust and the order of precedence defined in the Code of Virginia, debt service payments shall have precedence over all other obligations of the Authority.
  - b. Debt Capacity shall be projected forward a sufficient time to support the cash flow requirements of the Authority's adopted long range capital plan together with funds identified for pay-as-you-go construction.
2. Debt service coverage requirements:
  - a. NVT A strives to set policy targets for debt service coverage at the minimum levels necessary, in light of relevant criteria and methodologies of the credit rating agencies and recommendations of NVT A's Financial Advisor, to achieve a minimum of a AA category rating on senior lien debt.
  - b. For senior lien debt: The ratio of annual Regional NVT A Funds to annual senior lien debt service will be a minimum of 2.0 times. A proforma calculation for this ratio is included as Exhibit 1 to this policy.

- c. For subordinate lien debt: The ratio of annual Regional NVTAs Funds minus annual debt service on senior lien debt to annual subordinate lien debt service will be a minimum of 1.30 times. A proforma calculation for this ratio is included as Exhibit 1 to this policy.
3. Treatment of Local Revenues:
  - a. Required Transfers – Authority revenues earmarked for transfer to the member localities, the 30 percent share will not be included in the debt capacity calculation or calculation of coverage requirements.
4. “Pay go” and reserve set asides – Any portion of Regional NVTAs Funds not utilized for debt service due to coverage requirements will be set aside for pay-as-you-go capital financing and additional reserves as required by this policy over a reasonable period of time as determined by the Authority.
5. Reserve and liquidity levels
  - a. Debt Service Reserve Fund – Consistent with the provisions of the Master Indenture of Trust, each bond issue may include a Debt Service Reserve Fund (“DSRF”) funded from bond proceeds, Regional NVTAs Funds or the NVTAs General Fund as determined by the Authority at the time of issuance. In considering the need for this structural feature, NVTAs may consider whether it is economically advantageous to have a DSRF and the potential impact on the existing credit ratings on the Authority’s outstanding bonds, among other factors.
  - b. Working Capital Reserve – The Authority will maintain a Working Capital Reserve account in its General Fund equal to at least [six months] of the budgeted, annual Regional NVTAs Funds. Such funds may be used within a fiscal year to manage any mismatches in the actual receipt of revenue and the disbursement of funds for project construction to project implementing entities. If tapped, the Executive Director of the NVTAs will develop and submit to the Authority Board a plan to restore the Working Capital Reserve to its minimum level over a period not to exceed [18] months. The NVTAs will revisit the level of this reserve no later than June 30, 2015 to reflect its actual cash flow patterns and experience and periodically as needed.

## **B. Bond Structure**

1. Term of Bonds. NVTAs shall strive to match the financing period with the economic life of the asset being developed in general conformance with the following guidelines:
  - a. Short term debt (less than ten years) normally should be used for projects with an economic life of 0 to 15 years, but may be used at any time to restructure the Authority’s outstanding debt portfolio to reduce the average life of the Authority’s bonds.
  - b. Terms of the bonds for major construction projects shall not exceed 30 years which is less than the 40 year maximum term of debt permitted under Section 15.2-4519.B.1.
  - c. The Authority will attempt to achieve an average bond life for all aggregate outstanding debt of less than 20 years in order to ensure that significant debt capacity is available to meet the future needs of the Authority.
2. Capitalized Interest. The Authority intends to pay interest on all debt obligations when due from current revenues unless the capitalization of interest shall be deemed necessary and prudent or the best interest of the Authority for any project specific

financing. If used, the capitalized interest period and amount shall not exceed that which is necessary to complete the construction period.

3. Debt Service Repayment Structure. It is the preference of the Authority to promote rapid repayment of debt principal in order to (i) achieve the objective of average bond life of less than 20 years, (ii) to maintain or improve the credit rating, and (iii) to execute the capital program in the most cost effective manner. The Authority may choose to structure debt repayment so as to wrap around existing obligations or to achieve other financial planning goals.
4. Call Provisions. Optional redemption provisions on NVTA debt, if any, shall be determined based upon the market conditions at the time of issuance with advice from the Financial Advisor. The Authority will select the call provision most likely to result in the lowest cost of funds while providing reasonable opportunity and flexibility for future refinancing to achieve future debt service savings.

### **C. Types of Debt**

1. Revenue Bonds. NVTA expects to issue revenue bonds, either on a senior lien or subordinate basis, as its primary form of debt. The debt capacity of the Authority to issue revenue bonds shall be governed by this Debt Management Policy.
2. Lease Purchase Agreements. Lease purchase debt for which the asset is pledged, in addition to Authority revenues, as security for the debt payment may not be issued unless the Board adopts specific policies in this regard.
3. Variable Rate Debt (short or long term). The Authority may issue variable rate debt to achieve a lower cost of capital, improve cash flow efficiencies or manage interest rate risk and in no case shall variable rate debt exceed ten percent of the total debt of the NVTA. Any commercial paper program that is used as an interim financing tool shall not be included in the calculation of the ten percent (10%) maximum variable rate debt limit. The NVTA will revisit this threshold periodically to reflect market conditions, credit rating agency criteria, and NVTA's liquidity and cash flow experience. Any changes to the threshold must be approved by the Board.
4. Commercial Paper. The Authority may establish a commercial paper program if economically advantageous to manage the Authority's cash flow, improve efficiency or reduce negative arbitrage. The Authority may create its own program or use a pool legally available to it within the Commonwealth.
5. Federal or State or other Conduit Pool Loan Programs. The Authority may use pooled loan programs supported by available Regional NVTA Funds if cost effective (e.g., sales through the Virginia Resources Authority). Such debt may be senior or subordinate lien as negotiated with the issuing authority with such coverage and other requirements as determined by the issuing agency and consistent with the Master Indenture of Trust.
6. Unrated Debt. The Authority may issue unrated debt if deemed in its best interests.
7. Derivative Structures. The Authority shall not make use of derivative structures (swaps, hedges, etc.) for at least five years after adoption of this policy. Such structures shall not be used thereafter unless the Board shall adopt specific policies in this regard.

### **D. Refinancing Outstanding Debt**

1. Minimum Savings Threshold. The Authority establishes a minimum present value savings threshold of three percent (3%) of the refunded bond principal amount. The present value savings will be net of all costs related to the refinancing.

2. Restructuring. The Authority may restructure debt when it is in the best financial interest of the Authority to do so. Such refundings will be limited to restructuring to meet anticipated revenue expectations, achieve costs savings, mitigate irregular debt service payments, release reserve funds, consolidate multiple series of outstanding debt, or remove unduly restrictive bond covenants.
3. Term of Refunding Issues. The Authority will normally refinance bonds within the original term of the existing debt. However, after careful evaluation, the Authority may consider maturity extension when necessary to achieve a desired outcome, provided that such extension is permissible under the Master Indenture of Trust.

#### **E. Use of Credit Enhancement**

1. Bond Insurance. Bond insurance may be obtained to achieve a higher credit rating than NVTA's uninsured debt when cost effective.
2. Letters of Credit. Letters of Credit may be obtained when cost effective.

#### **F. Additional Bonds**

1. NVTA anticipates new money bond sales in a frequency adequate to meet its cash flow needs.
2. Additional bond issuance shall not exceed any of the limits prescribed in the Debt Affordability section of these policies in any fiscal year.
3. Subsequent bond sales will be on parity with prior issuances of senior or subordinate lien bonds, as appropriate.
4. Additional bond issuances should be planned to remain within capacity/affordability limits based on careful forecasts of revenues reasonably anticipated to be received over the course of the following six years.

#### **G. Capital Financial Plan**

1. Beginning in FY 2015, NVTA shall adopt a multi-year capital plan. The capital plan will be developed in accordance with all applicable statutory requirements. The Authority shall make every effort to coordinate the timing of the adoption of its capital plan to benefit the capital planning processes of the Authority's member jurisdictions and of impacted state and regional authorities.
2. The Authority will review and update the long-term comprehensive transportation plan for the region at least every five years.

### **III. Debt Management Administration**

#### **A. Selection of Advisors and Other Providers**

1. Financial Advisor. The Authority will use the services of a Financial Advisor to assist in the implementation and execution of bond policies, sales and other financial analyses as necessary. The Financial Advisor will be selected through a competitive process in accordance with the Code of Virginia and other procedures that the Authority may establish under such terms and compensation as the Authority may determine. A selection advisory committee shall include the Chief Financial Officer and other members appointed by the Executive Director, including at least three knowledgeable staff members from member jurisdictions, which will include the top three revenue contributing jurisdictions and a rotation of up to two of the remaining contributing jurisdictions. The Executive Director shall make every effort to ensure

that each member jurisdiction is given the opportunity to participate in the selection process.

2. Bond Counsel. The Authority will use the services of Bond Counsel to assist in the implementation and execution of bond policies, sales and other legal analyses as necessary. The Bond Counsel will be selected through a competitive process in accordance with the Code of Virginia and other procedures that the Authority may establish under such terms and compensation as the Authority may determine.
3. Other Services. The Authority may obtain the services of other advisors as necessary to implement its debt program under such terms and conditions as may be determined by the Authority. Such services may include, but are not limited to, trustee and fiscal agent services, specialized financial analytical services, special tax or disclosure counsel, rebate and arbitrage compliance services, audit services and other services that may be necessary.
4. Other Jurisdiction Contracts. The Authority may use any contract for consultant services issued by a member jurisdiction or agency of the Commonwealth provided that the terms and conditions of the contract permit its use by other jurisdictions or governmental entities of the Commonwealth and the contract was competitively bid or issued through a request for proposal.

#### **B. Methods of Issuance**

1. Competitive Sales. NVTA shall issue debt on a competitive basis whenever practical.
2. Negotiated Sales. NVTA may issue bonds via negotiated sale based on an evaluation of current market conditions and the economic advantages to NVTA, especially for the first few series of bond issues until the Authority has gained sufficient market acceptance and recognition as a regular issuer.
3. Private Placements. NVTA is permitted to use private placement financings based on an evaluation of current market conditions and the economic advantages to NVTA.

#### **C. Underwriter Selection (if negotiated sale)**

1. NVTA will always use a formal, competitive, open selection process to choose an underwriter.
2. NVTA's Financial Advisor may not participate in any sale as an underwriter (senior manager, co-manager, or part of a syndicate) while under contract to the Authority or as otherwise prohibited by applicable MSRB Rules.
3. NVTA will determine the selection process for appointing any co-managing underwriters.
4. NVTA may competitively select a pool of underwriters who may be used to underwrite bond sales over a multi-year period. The period in which an underwriter can be used may exceed more than one financing and more than one year; the period of use will be established at the time of the initial underwriter selection.
  - a. Underwriter selection shall be conducted in accordance with applicable procurement statutes and procedures established by the Authority. A selection advisory committee shall include the Chief Financial Officer and other members appointed by the Executive Director, including at least three knowledgeable staff members from member jurisdictions, which will include the top three revenue contributing jurisdictions and up to two of the remaining contributing jurisdictions. The Executive Director shall make every effort to ensure that each member jurisdiction is given the opportunity to participate in the selection process.

**D. Public Notices and Hearings**

1. Notices of public hearing shall be published and public hearings held prior to Board approval of any debt issuance if required by and in conformance with federal law, where applicable, and the Virginia Code.
2. NVTA shall post any such notices of public hearing to be published on its website and in a paper or papers of general circulation within the jurisdictions embraced by the NVTA. Regardless of whether such publication is required by federal or Virginia law; provided that the failure to effect any such local publication shall not invalidate any Board action unless the local publication is required by laws.

**IV. Provisions Pertaining to the 30 Percent Share: NVTA Role as a Conduit Issuer**

- A. NVTA may act as a conduit issuer for any member locality utilizing a separate Trust Indenture specifically for the member's issuance of debt secured by their 30 Percent Share. Member localities may agree to a Master Indenture with allowance for Supplemental Indentures specifically for the conduct of its initial and subsequent issues.
- B. Debt Service for any NVTA conduit debt issued for individual member localities may be paid directly to the member locality's trustee for an issue secured by the member locality's 30 Percent Share of NVTA revenues. Localities may pledge other revenues as needed. The aggregate of all revenues pledged must meet a minimum coverage ratio of 1.00 times.
- C. Localities may agree to a joint issue for projects that benefit more than one locality, however, such joint ventures shall at a minimum clearly establish jurisdictional shares and responsibility for debt service payments.
- D. Any debt issued by NVTA directly for the benefit of an individual member locality must not have any impact on the NVTA's credit rating, debt capacity/affordability or marketing of other NVTA debt.
- E. Conduit debt issued by NVTA on behalf of a locality shall not have any negative fiscal or operational impact on NVTA or on any of the other member localities. The NVTA and its other member localities shall be protected in the event of default or non-appropriation by the obligated member.
- F. All costs of issuance will be borne entirely by the member locality in a manner of their choosing, which may include capitalization of such costs. NVTA may charge a fee for its services in addition to normal costs of issuance.

**V. Provision Pertaining to the 30 Percent Share: Operating Reserve**

- A. Operating Reserve – The Authority will maintain an operating reserve account in the Member Locality Distribution Fund sufficient to fund to at least twenty percent (20%) of operating expenses. This operating reserve may be used, at the discretion of NVTA's Executive Director, to cover unanticipated increases in the Authority's operating budget. If used, the Executive Director will present a plan to the NVTA Board for refilling the reserve during the next ensuing fiscal year budget process. The Authority will invoice each member



locality for their proportionate contribution necessary to refill the reserve to three months of operating expenses.

**VI. Investment Policies**

- A. The Authority will establish separate, written investment policies consistent with applicable sections of Virginia Code and that provide for maintenance of sufficient cash on hand to meet daily operating, capital and debt service requirements in conformance with the expected schedule and actual receipt of revenues from all sources.

**VII. Debt Management Monitoring & Responsible Parties**

- A. Post Issuance Compliance Procedures. The Authority will establish appropriate accounting and reporting procedures to ensure the timely payment of debt service, the satisfaction of all debt service coverage requirements and financial covenants and compliance with applicable federal tax and securities laws. Prior to issuance of any tax-exempt debt, the NVT A will develop separate, written Post Issuance Compliance procedures.
- B. Arbitrage rebate compliance. The Authority will sell the minimum amount necessary to meet construction requirements consistent with Federal arbitrage restrictions and comply with all necessary reporting requirements. The Authority will attempt to size its sale amounts so as to qualify for the two year spend down exception test.
- C. Secondary market disclosure (Rule 15c2-12 compliance). Continuing Disclosure shall at a minimum include the year-end financial audit in addition to other documents designated by the Authority. The Authority shall ensure that any local jurisdiction constituting a “material obligor” with respect to any of the Authority’s debt within the meaning of Rule 15c2-12 agrees to provide the continuing disclosure required under the Rule.
- D. NVT A’s Executive Director or his designee will be responsible for the implementation of this Debt Management Policy with the advice and input from NVT A’s legal counsel and Financial Advisor.
- E. NVT A’s Executive Director will review and update this Debt Management Policy at least every five years.

Exhibit 1: Proforma Debt Service Coverage Calculation Methodology

- Annual Regional NVT A Funds = **(A)** = \$210,000,000
- Debt Service on Senior Lien Debt = **(B)** = \$30,000,000
- Debt Service on Subordinate Lien Debt = **(C)** = \$30,000,000
- Debt Service Coverage Requirement for Senior Lien Debt = **(A / B)** =
- $\$210,000,000 / \$30,000,000 = 7.0x$
- Debt Service Coverage Requirement for Subordinate Lien Debt = **(A-B) / C** =
- $(\$210,000,000 - \$30,000,000) / \$30,000,000 = 6.0x$

# NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

## RESOLUTION XX-08

### ESTABLISHING GUIDELINES FOR EXECUTIVE DIRECTOR'S ~~INITIAL~~ FINANCIAL AND PROCUREMENT AUTHORITY

WHEREAS, ~~upon hiring an executive director~~, the Northern Virginia Transportation Authority looks forward to transitioning financial and procurement responsibilities from the existing temporary support being provided by participating jurisdictions to ~~interim~~ Authority staff; and

WHEREAS, it is recognized that transition measures are necessary until a formal staffing plan is approved and the Authority's permanent staff is acquired, and written financial and procurement procedures are adopted; and

WHEREAS, associated with the aforesaid transition, it is necessary to provide the executive director with authority to initiate the below prescribed financial and procurement functions; and

WHEREAS, it is understood that the purpose of this policy is to establish parameters to guide purchasing and provide delegated purchasing ~~initial~~ authority to the executive director, with the expectation ~~and~~ that a formal staffing plan and more detailed financial and procurement policies will subsequently be submitted to the Authority for its approval.

#### NOW, THEREFORE, BE IT RESOLVED BY THE NVTa THAT:

1. ~~Upon being appointed,~~ the executive director or the chief financial officer shall assume lead responsibility for initiating financial and procurement actions for the Authority consistent with applicable authorization by the Authority, the availability of budgeted funds for the purpose, and the Virginia Public Procurement Act and all applicable laws.
2. **Small Purchases:** The small purchase threshold for the Northern Virginia Transportation Authority is \$50,000 as term "small purchases" is defined by the Virginia Public Procurement Act (VPPA). Procurements made pursuant to the small purchase procedures do not require public bid openings or newspaper advertising of competitively negotiated procurements.

The following procedures apply to all goods, non-professional, and professional services, with distinctions based on the type of purchase to conform to the VPPA.

- a. Procurement Card: *Does this apply?*
- b. Single Quotation: Where the agency's cost of goods or services is \$5,000 or less, purchases may be made upon receipt of a minimum of one (1) written or telephone quotation. If more than one quote is received, the award shall be made to the lowest responsive and responsible bidder.
- c. Unsealed Bidding: Goods or services over \$5,000 and up to ~~\$50,000~~ the maximum allowable limit defined by the VPPA as a small purchase may be procured through unsealed bidding. The eVA Quick Quote process is the preferred method for securing competition; however, a solicitation for unsealed bidding may be used. The solicitation shall be open for at least three business days.

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d. Unsealed Proposals: Goods or services over \$5,000 and up to the maximum allowable limit defined by the VPPA as a small purchase \$50,000 may be procured through an unsealed proposal process. A written determination for the use of competitive negotiation is not required for unsealed proposals. The solicitation for unsealed proposals should include a cover sheet, a general description of what is being sought, the evaluation criteria and weights to be used in evaluation, contract terms and conditions, including unique capabilities or qualifications that will be required. All responses must be received at the designated location by the date and time stated in the solicitation. In lieu of an evaluation committee, the end user may solely evaluate and rank offers. Upon completion of the evaluation, negotiations shall be conducted with the offerors selected.

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**3. Formal Procurements:**

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a. All procurements anticipated to cost more than the maximum allowable limit defined by the VPPA as a small purchase \$50,000 shall be conducted in accordance with the competitive sealed bidding and competitive negotiation requirements of the VPPA, Virginia Public Procurement Act. Prior approval of the Authority is required.

4. **Sole Source Purchases:** Upon determination in writing that there is only one source practicable available for that which is to be procure, a contract may be negotiated and awarded to that source without competitive sealed bidding or competitive negotiation in accordance with the Code of Virginia, §2.2-4304.E.

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5. **Emergency Purchases:** In case of emergency, a contract may be awarded without competitive sealed bidding or competitive negotiation; however, such procurement shall be made with such competition as is practicable under the circumstances, in accordance with the Code of Virginia, §2.2-4303.F.

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6. **Cooperative Procurement:** The Northern Virginia Transportation Authority may purchase from another public body's contract even if it did not participate in the request for proposal or invitation to bid, if the request for proposal or invitation to bid specified that the procurement was being conducted on behalf of other public bodies, in accordance with the restrictions cited in the Code of Virginia §2.2-4304.

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Subject to, and as provided for by those requirements, the following shall apply to single and term contracts for goods and professional and non-professional services other than professional services not expected to exceed \$50,000:

Small purchases:

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Up to \$5,000 one written quote or documented verbal quote

\$5,000 \$15,000 solicitation of a minimum of three qualified sources (verbally and documented or in writing)

\$15,000 \$530,000 written solicitation of a minimum of four qualified sources.

7. Purchases consistent with above guidelines and within approved budget parameters may be approved by the executive director.

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Procurements anticipated to cost more than \$530,000 shall be conducted in accordance with applicable requirements of the Virginia Public Procurement Act, and prior approval of the Authority is required.

3.8 Until financial management policies have been adopted, the following procedures shall apply:

a. ~~The existing financial management procedures shall remain in place, with the exception of process for small purchases and the authorization to sign checks.~~

d.a. ~~The~~ Upon appointment of an executive director is, he shall be authorized to sign checks up to \$5,000; checks exceeding that amount must be counter-signed by the chairman or the vice chairman. Upon hiring of a chief financial officer (CFO), the

CFO is authorized to sign checks up to \$5,000. Checks over \$5,000 must be countersigned by the executive director. In all cases, expenditures shall be consistent with approved budget or a separate approval by Authority.

e-b. Specific prior approval of the Authority is needed for any expenditure that exceeds \$30,000.

f-c. In all cases, appropriate documentation will be established and maintained consistent with state records management requirements.

Adopted by the Northern Virginia Transportation Authority on this 10<sup>th</sup> day of January, 2008.

**BY** \_\_\_\_\_  
Chairman

**ATTEST:** \_\_\_\_\_  
Vice Chairman